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*Head Office*  
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TORONTO - ONTARIO

*File*

CANADA  
MALTING CO.  
LIMITED



REPORT TO  
SHAREHOLDERS

*Malthouses and Elevators*

Montreal, Que.                      Winnipeg, Man.  
Toronto, Ont.                      Calgary, Alta.  
Thunder Bay, Ont.

For the Six Months  
ended June 30, 1975

# CANADA MALTING CO. LIMITED

## TO OUR SHAREHOLDERS:

Consolidated net earnings per common share for the six months ended June 30, 1975, were \$1.36 compared with \$1.77 for the same period a year ago. Malt shipments were slightly higher, but earnings were depressed by increased operating costs, particularly in the area of wages, fuel and power.

The earnings of our subsidiary, Leaver Mushrooms Co. Limited, continue to be affected by competition from cheaper imports, most of which come in from Taiwan and Korea. In 1974 these represented 60% of the Canadian market for processed mushrooms and pose a serious threat to the Canadian mushroom industry.

At the present time we have nothing further to report on the expropriation of our Toronto, Bathurst Street, property, as negotiations with the Federal Government are still continuing.

On behalf of the Board,

Harry F. Graesser,  
President.

TORONTO, ONT.  
July 30, 1975

## Consolidated Earnings for the Six Months ended June 30, (unaudited)

	1975	1974
Net Sales .....	\$60,017,083	\$53,862,537
Costs and expenses:		
Cost of products sold and all expenses except items shown below: .....	55,476,268	48,823,386
Interest on long term debt .....	36,000	37,501
Bank and other interest .....	1,561,502	1,459,421
Provision for depreciation .....	1,020,626	942,180
Amortization of leasehold interests .....	—	8,616
Provision for income taxes .....	907,100	1,195,000
	<u>59,001,496</u>	<u>52,466,104</u>
Earnings from operations .....	1,015,587	1,396,433
Investment income .....	20,653	17,439
Interest income on interim expropriation compensation .....	140,000	151,000
Earnings before minority interest .....	1,176,240	1,564,872
Minority interest .....	5,210	32,788
Net earnings for the period .....	<u>\$ 1,171,030</u>	<u>\$ 1,532,084</u>
Earnings per share .....	1.36	1.77

## Consolidated Statement of changes in Financial Position for the Six Months ended June 30

	1975	1974
Source of Working Capital:		
Net earnings .....	\$ 1,171,030	\$ 1,532,084
Non-cash charges deducted in arriving at earnings —		
Provision for depreciation .....	1,020,626	942,180
Amortization of leasehold interests .....	—	8,616
Deferred income taxes .....	68,000	274,500
Minority interest .....	5,210	32,788
Funds provided from operations .....	2,264,866	2,790,168
Shares issued under employees stock option plan .....	5,793	—
	<u>2,270,659</u>	<u>2,790,168</u>
Use of Working Capital:		
Additions to fixed assets, less mortgage of \$200,000 assumed by subsidiary in 1974 .....	639,323	1,624,873
Dividends on common shares .....	594,378	592,873
Tax paid on undistributed income .....	10,403	11,847
First mortgage debentures payable within one year .....	100,000	—
	<u>1,344,104</u>	<u>2,229,593</u>
Resulting in an increase in working capital of .....	926,555	560,575
Working capital at January 1st .....	14,451,686	12,840,139
Working capital at June 30th .....	<u>\$15,378,241</u>	<u>\$13,400,714</u>